



CITY OF SAVANNAH - Office of the City Manager

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October 15, 1999

Mayor and Aldermen
City of Savannah
Savannah, Georgia 31402

Dear Mayor and Aldermen:

I hereby submit to you the *2000 Service Program and Budget*. The budget totals \$188,772,545; a decrease of \$2,656,260 below 1999 projected expenditures. It presents the financial and operating plan for the City to deliver critical services which protect, promote and enhance the health, safety, convenience, and social and economic welfare of Savannah's citizens, businesses, and visitors.

This budget continues our commitment to reduce the property tax millage rate. The recommended millage rate in this Year 2000 budget is 13.9 mills, a reduction of over 3 ½ mills since 1996. Therefore, this budget continues the trend of improved service value to our citizens. We are also continuing the trend of providing higher quality services and improved infrastructure while lowering property taxes.

This proposed budget and the process of budget adoption embodies a clear set of strategic policies to address community needs. We have conducted a number of work sessions throughout the year to shape the direction of City funding. These work sessions included the 1999 Community Development program and plan, an update in the long range fiscal plan, and the adoption of another year in our five year Capital Improvement Program.

Three major themes influence this budget:

- fiscal management
- higher quality services and lower costs
- 1999 accomplishments.

2000 Fiscal Management

The Year 2000 budget was developed using the following guidelines:

Taxpayer Dividends. For several years, the City's millage rate has been adjusted downward to reflect increasing assessments and the return from the cost saving initiatives that have been implemented. **For 2000, I recommend an additional millage reduction of .90 mills.** The following table shows the declining millage rates.

1996	17.46
1997	16.93
1998	16.50
1999	14.80
2000(recom)	13.90

The recommended reduction of .90 mills in 2000 results in a \$799,000 decrease in property tax revenues and is the result of our continuous commitment to reducing costs in the operation of City government.

To further ease the burden of property taxes, since 1989, the City has provided a Senior Citizen/Low Income Homestead Exemption. Homeowners who qualify receive a special \$30,000 homestead exemption on the assessed value of the home. This exemption means qualifying seniors owning homes with market values up to \$75,000 incur no City property taxes.

Fiscal Security. The City benefits from a high bond rating from two agencies: AA from Standard and Poor's and Aa from Moody's Investors Service. These ratings are due to the City's economic diversity and our sound financial management. The rating depends upon early identification and action upon those factors that affect our fiscal health. Preservation of the City's long range fiscal security requires that we find the means to improve service delivery without incurring expenditures which damage our financial base. Some indicators of fiscal security

such as debt obligations must be limited to assure overall fiscal health.

To provide stable City revenues in the event of a national economic downturn, the 1998 budget established a Sales Tax Stabilization Program. The intent of the program is to save a portion of the year-end surplus when revenues are high for use when revenues are lower than anticipated. By pro-actively planning for the cyclical nature of the economy, we can avoid major service cuts or increases in property taxes or fees. Without such a program, we could be faced with surplus years followed by deficit years. This program will be continued in 2000.

To maintain the fiscal integrity of the City and to be prepared for unforeseen expenditures or reductions in revenues, a fund balance is maintained. This balance allows for a smooth cash flow and protects our financial assets.

Higher Quality Services and Lower Costs

Each year, City staff work diligently to improve the quality of our services to customers while lowering costs. Without question, service quality has improved yet at the same time, service expectations increase as fast or faster. The result is that City employees are always looking for ways to reduce cost while maintaining or improving services. Notable examples of these improvements are:

- **Information Services Department.** ISD's budget for 2000 decreases by \$104,237. In spite of this decrease, many improvements to the City's computer capabilities and to citizen's access to information have been made or are well advanced. First, the City's computer systems are Y2K compliant. Second, 2000 will see the start of doing business with the City on the Web; providing easier access to information for our citizens, businesses, community organizations and visitors; and better systems to support the City's infrastructure management and business processes. Also, an improved website (www.ci.savannah.ga.us) is operational.
- **Vehicle Maintenance Department.** The 2000 budget for the Vehicle Maintenance Department decreases \$223,845 or 5% below 1999. This reduction was accomplished through control of fleet additions, pooling of vehicles and sharing of assets. Although costs were lowered, service was improved

through initiation of the Cobblestone Cruiser which is used to shuttle employees within the City.

- **Debt Reduction.** For several years, the City has adhered to a pay-as-you-go policy for capital improvements, especially for projects that would otherwise be funded by General Obligation Bonds. For example, the 800 megahertz radio system, new southside fire stations and new community centers were built using this strategy. Although the City remains well within its legal limit of debt, this pay-as-you-go strategy will save hundreds of thousands of dollars in interest payments which can be returned to the taxpayer or directed toward additional capital projects. In 2000, total debt service payments are \$18,389,603, down \$1,440,728 from 1999. General Fund debt service declined from \$6,146,580 in 1999 to \$5,471,455 in 2000 which is a reduction of \$675,125.

In 2000, the scale and cost of capital projects make it impossible to adhere to a strict pay-as-you-go policy. The proposed construction of a parking garage at the Civic Center and improvements to the water system require that a total of \$20,365,660 in debt be incurred. The parking garage requires \$12,160,000 in bonds be issued by the Downtown Savannah Authority. The Water Fund will drawdown \$8,205,660 from the State Revolving Fund for improvements to the surface water filtration plant. It should be noted that this additional debt will not be a burden on the taxpayer. Repayment of the debt will be from revenue generated by the parking garage and by water users.

- **Customer Service/Performance Measurement.** In 2000, City employees will continue to focus on "customer satisfaction." We recognize that as employees of the City, our primary goal is to serve the citizens who pay for the services we provide. Of course, there is room for improvement, but we now have quality management and customer service programs in place to continually improve our service delivery. All new employees are required to attend Customer Orientation classes. Throughout this budget, decisions about expenditures are made in conjunction with the need to provide services effectively and at the lowest possible cost.

For the third year, the City contracted with Armstrong Atlantic State University and

Savannah State University to survey citizens about their satisfaction with City services. The number of people very satisfied or satisfied with the overall level of services provided by the City increased over the last three years from 72% in 1997 to 74% in 1998 and 77% in 1999. In 2000, we must focus on improving safety throughout the city, the availability of parking, transportation issues, and code enforcement.

1999 Accomplishments

Each year as the budget for the upcoming fiscal year is presented, there is a tendency to focus only on the future. However, since the future can only build on the accomplishments of the past, it is worthwhile to look at what capital improvements and program enhancements have been completed or were largely completed during the past year.

Downtown Vitality. The vitality of Savannah's downtown has increased dramatically in the past five years. This vitality is due to several factors including the fabric of the historic plan which provides for diverse uses including commercial, residential, institutional, and open space. The vitality is also due to our healthy economy, private sector investments, City investments and facilities and services, and to the planning and facilitation efforts of the Savannah Development & Renewal Authority.

Since 1992, the Broughton Street ground floor vacancy rate has gone from 32% to 12%. More than 30 new businesses have started resulting in a net gain of over 300 jobs.

Today, several key projects are underway or near completion including hotels, restaurants, retail, residential and institutional facilities such as the Lucas Theater, the Federal Courthouse, and the Telfair Annex. Building on this success, private sector and SDRA activities will begin to focus on businesses along the Montgomery Street/Martin Luther King, Jr. Blvd corridors.

Tourism Management. In Spring 1999, the Tour Service Ordinance was put into effect. The ordinance was developed by the Tourism Advisory Committee with Parking Services staff and downtown residents. Congestion resulting from tour vehicles has lessened and the number of complaints from downtown residents and from tour operators has also decreased since implementation of the ordinance. Parking Services is also working with Chatham Area

Transit to provide a free shuttle service for tourists and residents in the Landmark Historic District to lessen congestion further. The ridership increased from 5,031 in May, 1998 to 12,460 in May, 1999.

Alcoholic Beverage Control. In 1999, the Police, Revenue and Fire Departments worked to bring greater safety and controls to establishments that serve alcoholic beverages. This effort included greater safety measures during St. Patrick's Day. It also included addressing the safety problems and blighting influences in City neighborhoods.

Upgrade of E911. In 1998, the Savannah Police Department completed installation of a 800 megahertz radio system which allows communication with all other law enforcement agencies. In 1999, the E911 software and hardware used by Police Communications was upgraded at a cost of \$270,283. Both projects were supported by grants from the U.S. Department of Justice. Together these projects insure that response time to emergencies and to citizen's calls for assistance will be the shortest possible.

Southside Fire Implementation. The Savannah Fire and Emergency Services Bureau formally took over fire protection of the southside on January 1, 1999. The transition has been smooth and well managed. Not only are full fire protection services being provided, but full fire prevention activities such as home fire safety checks, pre-incident territory studies, building pre-fire plans and the learn not to burn program are also being provided.

Water Supply for Community Needs and Economic Development. In 1999, the City continued its capital and operating investments in water and sewer and reuse water to meet community needs and to sustain economic growth. The City manages 784 miles of water lines, 4,500 fire hydrants, a surface water filtration plant and forty-one water wells. Excess pumping capacity of ground water is available for growth, peak demand, and fire fighting purposes. The surface water filtration plant system has the capacity to meet the water needs for the region in the foreseeable future. The \$17 million expansion of the surface water filtration plant is scheduled to be completed by the end of 1999. This expansion has also made possible the development of Crossroads, Godley, Hutchinson Island, and other west Chatham economic development projects. Preliminary discussions

on water sales are underway with surrounding jurisdictions.

City water systems supply about 55 mgd of potable water and about 30 mgd of wastewater treatment. To continue proper management of the water supply, the City constructed a reclaimed reuse water supply system. It is permitted to provide 2 mgd of reclaimed water.

Grantsmanship. A long-term commitment is required to deal with the challenges facing the City. The City actively pursues funding assistance from other levels of government and from private foundations including:

- **Welfare to Work.** The SeaCoast Workforce Development Board is implementing programs funded by a grant from the U.S. Department of Labor to assist welfare recipients in making the transition from welfare to work. Recipients have received assistance in job readiness training, transportation to work and in childcare during nontraditional work times. Progress will be monitored to ensure program goals are met. The Department moved into larger offices at Bull & Bay Streets to better serve citizens.
- **Drainage Acquisition Funding.** Negotiations continue with the Federal Emergency Management Administration (FEMA) and with the Georgia Emergency Management Administration (GEMA) for the acquisition of approximately 350 flood prone structures. FEMA has funded the SCADA project (\$250,000) which monitors water levels in canals and forecasts flood locations. They also funded a flood mitigation project (\$350,000) in the Coffee Bluff basin, Nicholson Woods area.
- **State Legislature.** In the State fiscal year 1999, the City received state support for a number of projects including the Carnegie Library (\$600,000); State Railroad Museum (\$100,000); and electric streetcars (\$370,000). The bulk of State funding in the region has gone to capital infrastructure at the Trade Center.
- **Foundations.** The Annie E. Casey Foundation plans to spend more than \$500 million over the next decade on a program to transform poor neighborhoods. Savannah and the Youth Futures Authority have been selected as one of 22 cities to compete for an award in this program.
- **Criminal Justice.** The City participates in the Local Law Enforcement Block Grant program. In 2000, we expect to receive \$381,305 for this program.

Year 2000 Work Program

The key elements of the Year 2000 Work Program include:

- enhancement of neighborhood quality
- significant commitment to housing improvement
- implementation of drainage improvements
- targeted economic development, especially in the inner-city
- continued infrastructure investment.

Neighborhood Quality. Savannah is often recognized as one of the most livable cities in the United States. The City has a strong blend of residential neighborhoods, shopping, employment, historical and cultural activities and a beautiful environment. However, a number of our neighborhoods continue to be seriously blighted. Therefore, in the Year 2000, led by Public Development, all city bureaus will focus on systematic blight eradication. We must ensure that each neighborhood is safe, clean, and attractive, and each has high quality public amenities such as parks, playgrounds, sidewalks, and trees.

Safe neighborhoods are an essential part of community livability. During 1999, all four police precincts have restructured their patrol beats and crime prevention efforts around the "neighborhood beat approach". This strategy means that individual beat officers and sergeants are assigned specific neighborhoods. The assigned police officers, sergeants, lieutenants, and captains are expected to have a comprehensive knowledge of their beat areas, including residents, neighborhood leaders, business owners and operators, school principals, as well as neighborhood coordinators and community planning staff. In this way, all City and community efforts can be comprehensively focused on neighborhoods, families, and individuals. This comprehensive approach will also include working with the Chatham County Narcotics Task Force on more targeted efforts to eradicate street level drug transactions.

The Year 2000 Work Program will also include the revamping of our property maintenance efforts. In 1999, the Property Maintenance Division installed a data management system, digital photograph and record keeping, and a streamlined court process. We expect that these administrative changes will bring more rapid and comprehensive proper to code compliance enforcement.

Housing Initiatives. A priority issue for the City has been, and continues to be, to provide decent housing in a suitable environment for all residents regardless of income.

The Housing Department is seeking to increase the quantity of and improve the quality of established housing in our city. The department works with nonprofit organizations, local developers, rental property owners, homeowners, and local lending institutions to accomplish this goal. Leveraging private funds for affordable housing is an essential part of the functions of the department.

The Savannah Housing Task Force presented their report to City Council in 1998. The Task Force recommended as its primary goal an increase in the local home ownership rate from 51% to 56% by 2000. This increase represents 500 units per year. To achieve this goal, the City will again contribute \$500,000 to cover administrative costs of activities in Community Development. Federal funds will then be available for implementation of the housing plan.

Also, in early 1999, the Housing Department introduced the "DreamMaker" Down Payment Assistance Loan Program. By working with other agencies such as the Economic Opportunity Authority and with lending institutions, this innovative program provides a means for low and moderate income residents to achieve their dream of home ownership.

In addition to providing adequate financing for housing programs, a concern is to encourage restoration of housing units within the Downtown and Victorian Historic Districts without decreasing the number of affordable housing units. Throughout the City, use of vacant land or in-filling will be encouraged to revitalize neighborhoods and to provide additional housing without extending utilities. The City has actively supported the federal Historic Homeownership Assistance Act which, if passed by Congress, will provide tax credits or reduced mortgage payments for people who buy, restore and live in historic homes.

The transformation of Savannah's neighborhoods is remarkable, yet we continue to have vacant and dilapidated and seriously substandard housing. This budget continues our implementation of a long-range housing program oriented towards reducing vacant structures, achieving code compliance in all houses, increasing home ownership, and encouraging residential in-fill within city neighborhoods. The main focus of this initiative will be the comprehensive redevelopment

of the Cuyler/Brownsville neighborhood. The redevelopment plan for Cuyler/Brownsville won a national award from the National League of Cities for its merit.

Drainage Implementation. The Special Purpose Local Option Sales Tax (SPLOST) approved by Chatham County voters in 1997 provides \$71 million for a city flood mitigation/drainage improvement program over a five year period (2000 - 2004). The drainage projects involve preparation of plans and specifications, bidding, acquisition of properties, rights-of-way, and easements, permits from State and Federal regulators and, finally, construction. For a major project, this entire process can take from 24 to 36 months to complete.

The Springfield Canal stormwater pump station is substantially complete and fully operational. The Montgomery Crossroads stormwater pump station is under construction. Other projects are in progress.

The flood event of June 29, 1999 was untimely because many improvements are well underway but not yet in place. If these improvements had been in place, structural flooding would have been significantly reduced.

Several measures have been implemented to accelerate the construction schedule for drainage projects. The City has pre-funded \$58 million worth of projects in anticipation of receiving the \$71 million in SPLOST funds. In this way, projects have been undertaken as rapidly as possible without being constrained by the cash flow provided by the SPLOST. Staff engineering functions were restructured. Project management was improved, the City has worked more cooperatively with the County, and monitoring of engineering consulting has been increased.

Improvements are underway that will significantly enhance our drainage systems. The Capital Improvement Program includes \$13.3 million over the next five years with \$8.9 million of that total included for 2000 capital improvements. These funds are in addition to the \$14.3 million that were budgeted in 1999.

Economic Development. Although the national and local economies continue to be strong, many residents are not participating in this resurgence. Due to a lack of education or work experience, too many citizens remain below the poverty level. Our community has reached a strong

consensus that our key focus must be in elevating the skills and income levels of all of our residents.

Our economic development strategy consists of several parts. A primary focus is cooperation with the business community through the Savannah Economic Development Authority and Savannah Area Chamber of Commerce in programs to attract new business to the area and retain those now here. This budget allocates \$50,000 to the Chamber of Commerce to continue our support for the Take Aim program which markets Savannah to relocation prospects and provides development assistance to small and minority businesses.

Another area of cooperation is with the State of Georgia. In 1999, tourism will likely become a \$1 billion dollar business in Chatham County. More than 24,000 jobs in the region are supported by tourism. Through sales and income taxes, the State of Georgia benefits from the tourism industry. To share in the cost of strengthening the tourism industry while protecting the Landmark Historic District, we have requested \$10.1 million from the State. This request was developed in cooperation with Chatham County, the Trade Center Authority and Chamber of Commerce. Together we will work with legislative committees and with State officials to obtain full funding of our request.

Another important part of our strategy is to maximize the impact of our local dollars by using them to leverage additional grant funds. To achieve the goal of economic revitalization of the inner city, the Bureau of Public Development developed the *Taking Action in Savannah Communities* initiative. To implement the initiative, in 1998, two proposals requesting a total of \$4 million (\$1 million as a grant and \$3 million as a Section 108 loan) were submitted to the U.S. Department of Housing & Urban Development. The proposals were tentatively approved and implementation is expected in year 2000. Specifically, \$1 million will be used to recapitalize the Martin Luther King, Jr. Revolving Loan Fund; \$1 million will be used to create a micro-entrepreneurial center to train entrepreneurs in business techniques and to provide the initial capital for business development; \$1 million will be used to create a loan guarantee fund for the renovation of commercial buildings in the inner city; and \$1 million will be used to provide a loan reserve and used for operational expenses.

The Public Development Bureau has taken several steps to increase our effectiveness in

providing job opportunities and family income levels within City neighborhoods. Our emphasis will move from planning activities to work programs which implement economic development improvements. The Public Development Bureau has assisted in the development of several grassroots community development corporations.

Another grant application, for \$4 million, was funded by the U.S. Department of Labor for the Welfare to Work Program. The SeaCoast Workforce Development Board contracted with a number of agencies including Goodwill Industries and the Certified Workforce Development Board to help welfare recipients make the transition from welfare to work and provide an economic stimulus to the inner city and other low income areas.

We will continue to support other economic development efforts with a proven track record. The 2000 budget provides \$307,353 for the activities of the Savannah Development & Renewal Authority. Our goal now is to duplicate along the Montgomery Street/Martin Luther King, Jr. Blvd. corridor the success evident on Broughton Street. Activities will include facade improvements, median construction and a Revolving Loan Program.

Parking. Parking has been identified as a key initiative for 2000. During 1998, the maximum potential of our current parking facilities was reached. It is imperative that additional parking spaces be provided. These additional spaces are increasingly critical to retail, residential and commercial growth and to office development.

This budget proposes that a bond for approximately \$12 million be issued by the Downtown Savannah Authority for a parking garage with over 1,000 spaces on the existing parking lot at the eastside of the Civic Center. Additional parking at this site will achieve several purposes:

- Provide additional parking for visitors. The site is one block from the Visitors Center.
- Provide additional parking for Civic Center events and for special events at the Civic Center or at the Railroad Roundhouse.
- Support development along the MLK, Jr. Blvd. business corridor.
- Provide parking for the proposed Federal Courthouse Annex expansion.
- In conjunction with the proposed rail service from the Visitors Center, existing bus shuttle and water ferry service, an efficient transit

system will be in place for the Landmark Historic District.

An additional benefit from the project is the restoration of two trust lots on the westside of Orleans Square which will contribute to maintaining our Landmark Historic District status. A parking facility is also being explored in the area behind the Coastal Georgia Continuing Education facility.

To alleviate congestion, this budget also proposes other improvements to existing parking garages.

- Evening hours have been extended at the State Street Garage and extended hours are planned for the Robinson Garage in 2000. Two generators are needed at a cost of \$50,000 to replace the original battery powered system to provide back-up power for lighting, elevators, central booth, exit lighting, and gate equipment.
- The hours of operation at the Robinson Garage will be extended from 6 a.m. until 1 a.m. Monday through Thursday, from 6 a.m. until 3 a.m. on Friday, and from 7 p.m. until 3 a.m. on Saturday. These extended hours will meet the parking needs in the City Market area along with other after hour establishments within close proximity of the Garage. The net cost is \$23,368.

To bring Parking Garage rates closer to the market value of the space, the following monthly rate increase is included in the budget.

	<u>Current</u>	<u>New</u>	<u>Additional Revenue</u>
Regular Customers	\$50	\$60	\$153,000

The revenue generated from this increase will be used to fund new parking structures which will improve parking availability in the downtown area.

The City is also working with the Coastal Heritage Society as managers of the State Railroad Museum, the Savannah History Museum, and the State of Georgia to provide electric streetcar service from the museums to River Street. The intent is to lessen vehicular traffic in the historic district while providing attractive alternative transportation. Phase One of this long range plan will have service on River Street.

Infrastructure Investments. As the oldest city in Georgia, Savannah enjoys the benefits of tourism and historical ambience, but also faces the problem of aging infrastructure. The Capital

Improvements Program section of this budget provides funds not only for new construction but also for maintenance of the existing infrastructure. In 2000, the CIP budget totals \$26,531,438. Of this total, \$4,320,890 is budgeted for capital improvements in the Sewer Fund and \$1,678,195 in the Water Fund. Drainage improvements total \$8,922,250 and \$7,500,000 is earmarked for the Civic Center parking garage.

Therefore, in the Year 2000 Budget, the City provides funds for the following items:

Tree Planting. The City has set a goal of a 50% tree canopy. However, due to stress placed on trees in an urban environment, recently more trees have been removed than replaced. In 2000, we will work to reverse this trend. The number of trees planted will grow to 810, up from the 534 planted in 1998. This budget provides an additional \$105,537 to the Park & Tree Department to expand the tree planting program.

City staff is preparing a proposal which will recommend that citizens be given the opportunity to directly contribute to canopy tree planting within the community.

In addition, the Historic Savannah Foundation has a landmark district reforestation fund in which all contributions are matched dollar for dollar. So far, that fund has \$115,000 to be used to plant canopy trees in the historic district. One hundred trees will be planted each year for the next four years.

East/West Transportation. Movement of east/west traffic across the City will be one of the most challenging projects the community will face as we enter the new millennium. The Traffic Engineering Department and the Metropolitan Planning Commission performed transportation studies in 1999 to determine possible alternatives to alleviate traffic congestion on the Bay Street and DeRenne Avenue corridors. A consulting firm determined that Bay Street and DeRenne Avenue are distinct transportation systems. This east/west transportation system will be of critical importance to our area's economy and to the region.

Litter and Cleanliness. Many cities have discovered that quality of life for residents begins to deteriorate when left unattended. Therefore, the Sanitation Bureau, Park & Tree Department and Public Development Bureau have cleanliness programs in place. To add to their

capabilities, this budget provides additional resources. A Keep Savannah Beautiful Director position will be made full-time at a cost of \$47,650 to reduce litter and blight in the City. A Graffiti Removal Program at a cost of \$40,000 will support abatement efforts of four City departments and the Savannah Development & Renewal Authority. The level of service currently provided by the Sanitation Bureau is increased to address the litter problem in the dumpster free zone for \$54,730. Additional equipment including a sweeper and sidewalk scrubber will be purchased by the Park & Tree Department.

Southside Recreation. As the population on the southside increases, we face the challenge of providing recreation opportunities to residents living in these areas. In response to this need, the Leisure Services Bureau has:

- Acquired a 10.3 acre site for the Vernon River passive park. The site is located adjacent to the Coffee Bluff Fire Station.
- Arrangements are underway with Hunter Army Air Field to open Lott's Island on the Little Ogeechee River to the public for recreation purposes.
- Prepared a plan to develop 55 acres of City property on Largo Drive into a passive park.

Preservation Fund. In 2000, approximately \$458,000 is expected to be generated from the \$1 per tour ticket fee which will be used to fund ten projects such as the renovation of Lafayette Square, walkways in Columbia Square, Colonial Cemetery conservation, the African American monument, Forsyth Park East Fort renovation, and the Confederate Monument conservation.

Historic District and Tourism. Although we are fortunate to have a diversified economy, tourism has grown to be a mainstay. In 1999, more than 5 million visitors are expected to pump \$1 billion into the local economy. To meet competition from other tourist destinations, we must continue to maintain and, where possible, expand the attractiveness of the city while maintaining the livability of the city for residents.

Since tourism in Savannah provides economic benefits to the region and State, it is appropriate that the State share in the cost of enhancing the tourism infrastructure. We have prepared a *Partnership for Tourism Investment* report which requests \$10.1 million in support from the State of Georgia for land purchase and building restoration

at the State Railroad Museum, land purchase at the Trade & Convention Center and improvements to the Savannah Gateway on Martin Luther King, Jr. Blvd.

In addition, the Tourism Master Plan is being prepared by a committee composed of representatives from the hospitality industry, residents and City staff. This plan will focus on:

- Maintaining and enhancing the infrastructure and attractions vital to the tourism industry
- Creating attractions for families, children and for ecotourism
- Providing the means to accommodate the expected rise in tourism when the Trade Center is operational.

This budget continues funding for the Savannah Development & Renewal Authority, the Savannah History Museum, cultural programs, and all the operating departments which support our historic district and tourism programs.

Pay Plan for City Employees

The City of Savannah, as a service organization, directs 39% of its resources to fund the cost of personnel. Every effort is made to achieve full productivity from existing staff before the addition of a new position.

The City also strives to provide a competitive wage to attract and keep quality employees. In 1998, a new plan for awarding pay increases was implemented. The rationale for the new plan is that employees' pay should not increase simply because national inflation rates are driving up the cost of goods. Instead, pay increases are tied to performance and to finding ways to reduce operating costs.

For 2000, I recommend a 2.75% wage increase for City employees. Of that percentage, 1.75% is to adjust the pay scale based on review of market trends and 1% is for a general wage increase.

I also recommend that the Cost Savings Incentive and the Performance-Skill Plan implemented in 1998 continue. This plan was cited by the Georgia Government Finance Officers Association for a Significant Achievement Award. It has contributed to the projected year end budget savings and to the overall enhanced performance in achieving

objectives.

Comparable Cities Study

Our goal is to develop a budget which effectively and economically provides services to the citizens of Savannah. To benchmark our success, we compare Savannah's cost of government with that of similar southeastern cities. To do this, we have developed a comparison of city General Funds. In many cases, the General Fund figures from other cities have been adjusted to achieve a valid comparison. This is necessary due to the diverse organization of city government functions.

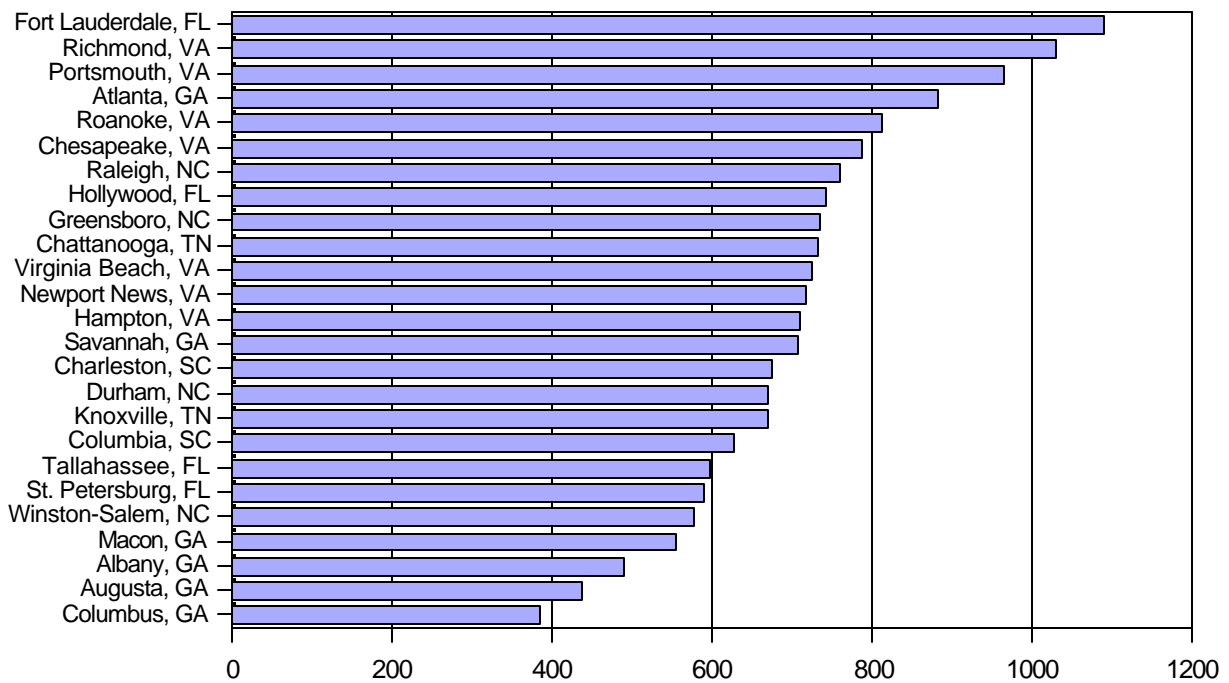
(PPCG) is \$704 which is equal to the average of all cities analyzed. The following chart and graph present a visual representation of Savannah's per person cost of government in relation to the other cities. Our challenge is to ensure that our services remain high in quality as well as low in cost.

In some cases, a city with a higher PPCG actually had a lower property tax rate than Savannah. Those cities either collected a greater share of revenues generated regionally or collected fees and revenues from a wider range of sources.

Savannah's Per Person Cost of Government

RANKING OF PER PERSON COST OF GOVERNMENT (PPCG)

<u>Rank</u>	<u>City</u>	<u>General Fund (Adj.)</u>	<u>Population</u>	<u>PPCG</u>
1	Fort Lauderdale, FL	162,416,429	149,377	1,087
2	Richmond, VA	208,688,418	203,056	1,028
3	Portsmouth, VA	94,751,344	98,500	962
4	Atlanta, GA	346,432,738	394,017	879
5	Roanoke, VA	78,096,799	96,397	810
6	Chesapeake, VA	119,078,333	151,976	784
7	Raleigh, NC	157,473,751	207,951	757
8	Hollywood, FL	93,170,587	125,689	741
9	Greensboro, NC	150,378,552	205,132	733
10	Chattanooga, TN	111,138,228	152,466	729
11	Virginia Beach, VA	284,312,764	393,069	723
12	Newport News, VA	121,685,609	170,045	716
13	Hampton, VA	94,661,298	133,793	708
14	Savannah, GA	100,686,454	142,942	704
15	Charleston, SC	67,403,321	100,122	673
16	Durham, NC	114,922,373	172,004	668
17	Knoxville, TN	110,172,112	165,121	667
18	Columbia, SC	61,135,830	98,052	624
19	Tallahassee, FL	86,300,600	145,110	595
20	St. Petersburg, FL	140,107,810	238,629	587
21	Winston-Salem, NC	99,155,340	172,763	574
22	Macon, GA	58,947,758	106,612	553
23	Albany, GA	38,144,913	78,122	488
24	Augusta, GA	61,394,512	141,268	435
25	Columbus, GA	68,509,052	178,681	383
AVERAGE				704



Each year brings new problems and opportunities to Savannah. For 211 years since the City was chartered, we have overcome the problems and made the most of the opportunities presented to us. But as we prepare for the start of a new century, of a new millennium, we are reminded that the work of governance is never finished. As long as people choose to live in communities with others, the task of government will continue.

This 2000 Service Program and Budget before

you provides a plan for the City's financial resources in the upcoming fiscal year.

I look forward to reviewing this recommended budget with you in more detail at the Council workshops.

Sincerely,

Michael B. Brown
City Manager